

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6095**

**BILL NUMBER:** HB 1691

**NOTE PREPARED:** Dec 21, 2008

**BILL AMENDED:**

**SUBJECT:** Use of Contractor for Eligibility Determinations.

**FIRST AUTHOR:** Rep. Crouch

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill prohibits the Office of the Secretary of Family and Social Services (FSSA) from using a contractor to assist in making eligibility determinations for the Medicaid program, the Food Stamps program, and the Temporary Assistance for Needy Families (TANF) program in additional counties after November 1, 2008, until the Select Joint Commission on Medicaid Oversight (JCMO) has reviewed the status of the counties that implemented the eligibility determination changes before November 1, 2008.

(The introduced version of this bill was approved by the Select Joint Commission on Medicaid Oversight.)

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** The costs associated with this bill will depend upon whether the additional scrutiny by the JCMO would delay the eligibility modernization transition or delay the completion of the transition period and the resulting Steady State date, which is when the contract allows variable volume rates to be charged. The bill would prevent FSSA from using a contractor to assist in making eligibility determinations for Food Stamps, Medicaid, and TANF in counties that are not using the contractor.

The bill will have minimal fiscal impact for JCMO to review information on implementation findings since JCMO may meet anytime during the year according to statute.

**Background:** The contract allows the state to suspend at any time the transition to the modernized system which is to provide technology and systems for receiving and processing applications for public assistance,

gathering and verifying appropriate data, and managing through document imaging the documentation required for the Division of Family Resources (DFR) to perform eligibility determinations. However, if the transition is suspended for any reason other than the contractor's failure to perform its material obligations with respect to the transition, the state is liable for any additional reasonable charges resulting from the suspension and if applicable the restarting of the transition. The state also is required during any suspension to continue to pay all fees, which may be adjusted to reflect avoided costs of the contractor.

In July 2008, FSSA reported to the JCMO that the modernization solution was deployed to 59 of the 92 counties. Subsequently, it was reported that due to the necessary disaster response to flooding, the decision had been made to delay adding additional counties until further notice.

**Explanation of State Revenues:** See *Explanation of State Expenditures*.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Family and Social Services Administration.

**Local Agencies Affected:**

**Information Sources:** *Master Services Agreement Regarding Division of Family Resources Modernization Project by and between the State of Indiana, Acting on behalf of the Family and Social Services Administration, and International Business Machines Corporation*, and Appendix II, and Schedules 6, 8-A, 8-B, 10, 24, and 25. *Modernization Update*, FSSA, July 31, 2008.

**Fiscal Analyst:** Kathy Norris, 317-234-1360.